

ACURA PHARMACEUTICALS, INC
Form 8-K
September 16, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act Of 1934**

September 16, 2005
Date of Report (Date of earliest event reported)

ACURA PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Charter)

State of New York
(State of Other Jurisdiction
of Incorporation)

1-10113
(Commission File Number)

11-0853640
(I.R.S. Employer
Identification Number)

616 N. North Court, Suite 120
Palatine, Illinois 60067
(Address of principal executive offices) (Zip Code)

(847) 705-7709
(Registrant's telephone number, including are code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13e- 4(c))

Item 1.01 Entry Into a Material Definitive Agreement

On September 16, 2005, Acura Pharmaceuticals, Inc. (the "Company") entered into a Loan Agreement (the "Loan Agreement") with Essex Woodlands Health Venture V, L.P., Care Capital Investments II, L.P., Care Capital Offshore Investments II, L.P., Galen Partners III, L.P., Galen Partners International III, L.P., and Galen Employee Fund III, L.P. (collectively, the "Bridge Lenders") . Pursuant to the Loan Agreement, the Lenders extended bridge financing to the Company in the principal amount of \$500,000 (the "Bridge Loan"). The net proceeds from the 2005 Bridge Loan, after the satisfaction of related, expenses, will be used by the Company to continue the development of its Aversion™ Technology and to fund operating expenses.

The Bridge Loan bears interest at the rate of ten percent (10%) per annum and matures on June 1, 2006. The Bridge Loan is secured by a lien on all of the Company's and its subsidiaries' assets, senior in right of payment and lien priority to all other indebtedness of the Company. The Bridge Loan is subject to mandatory pre-payment by the Company upon the Company's completion of equity or debt financing or any sale, transfer, license or similar arrangement pursuant to which the Company or any of its subsidiaries sells, licenses or otherwise grants rights in any material portion of the Company's intellectual property to any third party, provided that the consummation of any such transaction results in cash proceeds to the Company, net of all costs and expenses, of at least \$4 million. The Bridge Loan Agreement requires that the Company maintain minimum cash deposits of at least \$200,000. The Bridge Loan also contains normal and customary affirmative and negative covenants, including restrictions on the Company's ability to incur additional debt, or grant any lien on the assets of the Company or its Subsidiaries, subject to certain permitted exclusions.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Loan Agreement by and among Acura Pharmaceuticals, Inc. Essex Woodlands Health Venture V, L.P., Care Capital Investments II, L.P., Care Capital Offshore Investments II, L.P., Galen Partners III, L.P., Galen Partners International III, L.P., and Galen Employee Fund III, L.P., dated September 16, 2005.
10.2	Form of Secure Promissory Note of Acura Pharmaceuticals, Inc.
10.3	Subordination Agreement by and among Essex Woodlands Health Venture V, L.P., Care Capital Investments II, L.P., Care Capital Offshore Investments II, L.P., Galen Partners III, L.P., Galen Partners International III, L.P., and Galen Employee Fund III, L.P., dated September 16, 2005.
10.4	Company General Security Agreement by and between Acura Pharmaceuticals, Inc. and Galen Partners III, L.P., as Agent, dated September 16, 2005
10.5	Guaranty of Axiom Pharmaceutical Corporation, dated September 16, 2005
10.6	Guaranty of Acura Pharmaceutical Technologies, Inc., dated September 16, 2005
10.7	Guarantors Security Agreement by and among Axiom Pharmaceutical Corporation, Acura Pharmaceutical Technologies, Inc. and Galen Partners III, L.P., as Agent, dated September 16, 2005
10.8	

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Stock Pledge Agreement by and between Acura Pharmaceuticals, Inc. and Galen Partners III, L.P.,
as Agent, dated September 16, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACURA PHARMACEUTICALS, INC.

By: /s/ Peter A. Clemens

Peter A. Clemens
Vice President & Chief Financial Officer

Date: September 16, 2005
